



SBA Policy Notice

TO: All Employees

CONTROL NO.: 5000-851

SUBJECT: Partial Alien Ownership
Requirements and Verification of
Status for 7(a) & 504 Loans

EFFECTIVE: 2/11/2003

Eligibility of an Applicant Not 100 Percent Owned by U.S. Citizens and/or Aliens with Legal Permanent Residence Status

For a business which is not 100 percent owned by U.S. citizens and/or aliens with Legal Permanent Residence (LPR) Status, SBA requires that all 7(a) and 504 loans be fully secured and that evidence is provided showing that the business has continual and consistent management in place. [See page 70-5 in SOP 50 10 (4), Subpart A, Chapter 2, paragraph 15.h.(7).]

The following “NOTE” will be added to the end of subparagraph (7) on page 70-5 as a clarification for when these additional requirements will not be imposed.

NOTE: In order for a business not to be subject to these additional requirements, it must be at least 51 percent owned by individuals who are U.S. citizens and/or who have LPR Status from INS and control the management and daily operations of the business.

This can only be waived by the AA/FA or designee.

Verification of Alien Status

SBA’s requirements for verification of alien status are located on page 70-2 in SOP 50 10 (4) in Subpart A, Chapter 2, paragraph 15.h.(3).

The first paragraph discusses the required verification of INS alien status prior to submission of the application package to SBA for approval.

The following will be added to the end of the first paragraph:

SBAExpress is the only exception to this requirement. For loans submitted under SBAExpress, verification of alien status must be completed prior to making any disbursements.

EXPIRES: xxx

PAGE 1

SBA Form 1353.3 (4-93) MS Word Edition; previous editions obsolete
Must be accompanied by SBA Form 58

The following are additional techniques that may assist with INS verification.

Additional language will be added to Subparagraph (3)(a) & (b). (The additions are in bold.)

INS accepts either of the following authorization statements:

- (a) I authorize the Immigration and Naturalization Service to release information regarding my immigration status to [name of lender/CDC], **because I am applying for a U.S. Small Business Administration loan.**
- (b) I authorize the Immigration and Naturalization Service to release alien verification information about me to [name of lender/CDC], **because I am applying for a U.S. Small Business Administration loan.**

Without this additional language, INS will not respond to the lender or CDC. It is also important not to abbreviate U.S. Small Business Administration. Individuals should submit the request on personal stationary and must not submit this statement on SBA or lender/CDC letterhead.

The following will be added to the end of subparagraph (3):

INS requires a “wet” signature on all Freedom of Information Act requests. Therefore, the Form G845 and the statement authorizing INS to release the status information to the Lender or CDC should never be faxed to an INS office.

The Department of Justice has instructed all its offices (including INS offices) to take extra precautions in the handling of any express mail packages as a result of the Anthrax scare and events occurring on September 11, 2001. As a result, INS advises that request for individual alien status verification should not be sent via any form of "express mail."

Questions

Questions from lenders should be directed to local SBA field offices. Questions from SBA field office supervisors should be directed to A. B. McConnell, Jr. at (202) 205-7238.

Hector V. Barreto
Administrator